PROFILE OF THE AMERICAN CEO: COMPARING INC. AND FORTUNE EXECUTIVES

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ABSTRACT: Given the documented differences between entrepreneurial and traditional organizations in their structure and climate, as well as the predicted escalation of competition in global markets in the upcoming decade, the present study focused on the following questions. First, do chief executive officers (CEOs) from different corporate environments differ in the attributes, skills, and abilities they possess, and second, what meaning do these differences have for CEOs in confronting immediate and future challenges in small growth companies and large corporations. A sample of 35 Fortune 500 CEOs and 35 Inc. 500 CEOs was assessed on the London House STEP battery in order to identify differences between these groups. It was hypothesized that although there would be some overlap, the pattern of strengths and weaknesses would differ between the CEO groups. Specifically, it was expected that Inc. CEOs would be more creative while Fortune CEOs would exhibit a better balance in their breadth of managerial and executive skills. Results showed that these hypotheses were confirmed. Both groups were, not surprisingly, high in their potential for success and were not significantly different from one another in this overall dimension. However, Inc. CEOs were significantly higher in creativity, ability to work under pressure, and developing technical ideas, while Fortune CEOs excelled in the interpersonal skills of communications, developing teamwork, supervisory practices, developing employee potential and in the areas of leadership experience and financial responsibility. Findings are discussed in terms of developmental and strategic suggestions for current and aspiring CEOs.

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In a global economy where mergers, acquisitions, downsizing and other accelerated changes disrupt every business sector, organizations view their executive leadership as a key factor in preserving their competitive edge. Human resource professionals have long recognized the implications of identifying the skills and characteristics that so distinctively set these executives apart. Moreover, organizations that vary in organizational structure, climate, and size undoubtedly require their executives to work within different constraints (Katz & Kahn, 1978; Leidecker, Bruno & Yanow, 1988; Saloman, 1986). The growing sentiment among experts who study American industry today is that competitiveness in the years ahead will be based increasingly on an organization's timing and flexibility. The capacity to innovate, strengthen links with the consumer, and produce new generations of products and services at a rapid pace will be a major determinant of success. This suggestion has different implications for entrepreneurs in small growth organizations and executives in large corporations.

This type of competitive environment presents many opportunities for entrepreneurial executives of small growth companies. These companies are less hampered by the systems and procedures of large corporations, and can respond quickly. Along with this unequalled opportunity comes a unique challenge. While entrepreneurs are known for having the motivation and talent to develop ideas and bring new products to market, it has also been suggested that the skills and temperament of entrepreneurs may take the organization only to a certain level of growth. When this point is reached, the need for the systems orientation often found in large organizations becomes predominant. If successful, a small growth company reaches a pivotal challenge. In order to grow, the entrepreneur who started the organization must build and maintain a system that effectively gets work done through other people. An opposing set of challenges exists for executives of large corporations. Constrained by multi-layered approval systems and the general bureaucracy that evolves as an organization grows, many are attempting to reintroduce the entrepreneurial qualities and spirit that began their success.

The present research is organized around two questions. First, do CEOs from different corporate environments differ in terms of the skills and abilities they possess, and if so, how? Second, what meaning do these differences have for aspiring entrepreneurs and executives? Both are timely questions, and may provide insight into strategies for confronting immediate and future challenges in small growth companies and large corporations alike.

Leidecker et al. (1988) have noted that a CEO must be capable of taking on the roles of both chief and executive. This dual role must be balanced according to the needs of the organization. In the founder stage